

**MINUTES OF MEETING**  
**STATE OF WISCONSIN**  
**DEFERRED COMPENSATION BOARD**

**November 15, 2005**  
**1:00 p.m.**

<b>DRAFT</b>
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**801 West Badger Road**  
**Conference Room GB**  
**Madison, Wisconsin**

**BOARD PRESENT:**

Edward Main, Chair  
John Nelson, Vice-Chair  
Martin Beil, Secretary  
Michael Drury  
Jon Traver

**PARTICIPATING STAFF:**

Dave Stella, Deputy Secretary  
Jon Kranz, Budget Director  
Shelly Schueller, Director, Wisconsin Deferred  
Compensation Program  
Sharon Walk, Board Liaison

**OTHERS PRESENT:**

John Burnham, Advised Assets Group  
John Caswell, Galliard Capital Management  
Mike Cullen, Federated Investors  
Rhonda Dunn, Executive Assistant  
Duane Jeffers, Great-West Retirement Services  
Mike Jeffery, Nationwide Retirement Solutions  
Curt Morrow, Nationwide Retirement Solutions (via conference call)  
Mike Norman, Galliard Capital Management  
Sue Oelke, Great-West Retirement Services  
Mike Studebaker, Nationwide Retirement Solutions

Edward Main, Chair, called the Deferred Compensation Board (Board) meeting to order at 1:02 p.m.

**Consideration of Minutes of May 10, 2005, Meeting**

***Motion: Mr. Beil moved acceptance of the minutes of the May 10, 2005, meeting as submitted by the Board Liaison. Mr. Traver seconded the motion, which passed without objection on a voice vote.***

**Approval of 2006 Meeting Dates**

The Board approved the following meeting dates for 2006: February 14, May 16 and November 14.

Board	Mtg Date	Item #
DC	05/16/2006	1

### **Third Party Administrative Services Contract Update**

Ms. Schueller provided the Board with an update on the status of contract negotiations with Great-West Retirement Services (Great-West). The Board Chair signed the new contract on August 26, 2005. Effective December 1, 2005, Great-West will assume all responsibilities for the Wisconsin Deferred Compensation (WDC) Program.

### **Administrative Changes Associated with New Contract**

Ms. Schueller described three administrative changes that will occur at the same time as the transition to the new third-party administrator, Great-West. The first change concerns the interest-bearing bank account maintained by the WDC at M&I Bank to process contributions, receive rebates, and hold the administrative reserve. With the change to Great-West, this banking arrangement is no longer necessary. Great-West will establish an administrative account within their record keeping system that will serve the same purpose.

The second change is in the power of attorney (POA) agreements. Current WDC policy restricts participants who have a POA agreement from requesting account balances, executing exchanges, and reallocating balances among the core investment options. Effective December 1, 2005, these restrictions will end.

The third change involves the WDC excessive trading policy. The Great-West protocol has more options that can be utilized by the Board in the event that WDC participants are engaging in excessive trading.

### **Investment Performance Report Options**

John Burnham, Manager-Investment Strategy and Research, Advised Assets Group, a division of Great-West Retirement Services, discussed the investment performance review reports that he will be providing to the Board in the future. He asked for feedback on the kind of reporting the Board would like to see so that when he delivers a formal report, he is presenting information that the Board can utilize to make decisions.

### **Federal Deposit Insurance Corporation (FDIC) Option Update and Establishment of Fixed and Floating Rate Assets for 2006**

Curt Morrow, Investment Services Manager, Nationwide Retirement Solutions, discussed the FDIC bank option for WDC participants. Action by the Board is needed to set the percentage of the FDIC account assigned to the fixed and floating interest rate for 2006. The Board had extensive discussion of the options and outcomes.

***Motion: Mr. Traver moved to change the FDIC allocation so that fifty percent (50%) of the account is assigned to the floating interest rate and fifty percent (50%) is assigned to the fixed interest rate. Mr. Nelson seconded the motion, which passed without objection on a voice vote.***

Mr. Beil left the meeting at 2:25 p.m.

**Stable Value Fund Investment Strategy**

John Caswell, Founding Partner and Senior Portfolio Manager, and Mike Norman, Principal, Client Services, Galliard Capital Management, presented an update on the investment strategy of the stable value fund.

**Vanguard Redemption Fees**

Ms. Schueller provided an update on the Vanguard frequent trading and redemption fee policies. Effective at the close of business on March 31, 2006, any participant who exchanges any amount out of a Vanguard mutual fund must wait sixty (60) calendar days before exchanging back into the same fund.

**Mutual Fund Investigation**

Ms. Schueller discussed the ongoing mutual fund investigations on two current WDC investment providers: Janus and American Funds. The Janus Fund is being phased out. Department staff has contacted the Wisconsin Attorney General's office and requested an assessment of possible settlement avenues related to the Janus Fund.

With respect to the American Funds, a hearing is expected to occur in the spring of 2006 regarding the National Association of Securities Dealers (NASD) allegation that American Funds has violated the NASD Anti-Reciprocal Rule.

**Miscellaneous**

Numerous miscellaneous items were presented to the Board including information about the number of people opting into the Vanguard Target Retirement lifecycle funds which were opened on August 1, 2005. Ms. Schueller also updated the Board on the status of participants phasing out of the Janus and T. Rowe Price International funds.

**Adjournment**

***Motion: Mr. Nelson moved to adjourn. Mr. Drury seconded the motion, which passed without objection on a voice vote.***

The meeting was adjourned at 3:14 p.m.

Date Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Martin Beil  
Secretary